Why PE-Backed Enterprises Should Look Beyond Metro India for GCC Growth

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Private equity-backed enterprises are under constant pressure to create value quickly. Growth targets are aggressive, operational efficiency is non-negotiable, and leadership teams are expected to scale capabilities without adding unnecessary complexity.

For many portfolio companies, establishing a Global Capability Centre (GCC) in India has become a proven strategy for accessing talent, improving operating leverage, and supporting global expansion. However, as the Indian GCC landscape matures, a growing number of PE-backed enterprises are discovering that traditional metro locations may not offer the optimal path to long-term growth.

For years, cities such as Bengaluru, Hyderabad, Pune, Chennai, and NCR dominated GCC expansion in India. They built strong ecosystems, attracted multinational investment, and became synonymous with offshore delivery. Yet the very success of these cities has created new challenges.

Today, forward-looking enterprises are evaluating a broader GCC location strategy – one that extends beyond metro India and unlocks new advantages in cost, talent, scalability, and operational resilience.

The Changing Economics of PE-Backed GCC India

Private equity firms evaluate every investment decision through the lens of value creation. When portfolio companies establish delivery centres in India, the objective is rarely limited to cost reduction. The focus is on creating sustainable operating leverage, building scalable capabilities, and accelerating business outcomes.

This changes how location decisions should be approached.

A decade ago, metro cities offered clear advantages. Talent pools were concentrated, infrastructure was more developed, and enterprise support ecosystems were strongest. India's leading metros continue to account for the bulk of GCC operations. In 2025, GCCs accounted for over 32.5 million sq. ft. out of approximately 80.5 million sq. ft. of gross leased office space across the top seven cities, representing more than 40% of total leasing activity.

For PE-backed business growth strategies that prioritise efficiency and scalability, these factors can erode expected returns over time. Tier-2 cities, by contrast, offer multinational corporations a compelling combination of 10–35% cost savings on real estate and operations, alongside access to untapped talent pools and supportive state policies.

The question is no longer whether India remains an attractive destination. The question is whether metro India remains the best location for future GCC expansion.

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Why PE-backed Enterprises Should Look Beyond Metro India

A smarter GCC India strategy is about choosing locations that enable scale, control, and long-term value.

82.6M sq. ft.

India's office leasing hit a record in 2025, reflecting strong demand in established markets.

35 - 40%

GCCs are expected to drive a significant share of office absorption, increasing competition in metros.

20–30% lower churn

Tier-II cities offer stronger workforce stability and retention.

Up to 25% lower employment costs

Lower overheads and sustainable compensation improve cost efficiency.

Policy support is expanding

Government initiatives are encouraging GCC growth in emerging cities.

Talent Availability Is Expanding Beyond the Metros

One of the most significant shifts in India's workforce landscape is the geographic distribution of talent.

Universities, engineering institutions, business schools, and professional training programs have expanded significantly across Tier 2 cities. As a result, enterprises can now access highly qualified professionals without limiting recruitment efforts to traditional hubs.

Cities such as Ahmedabad, Coimbatore, Indore, Jaipur, Kochi, Chandigarh, Bhubaneswar, and Vadodara are producing skilled talent across: Finance and accounting, Data analytics, Technology and software development, Business process management, Customer operations, Digital marketing, and Shared services functions.

For PE-backed enterprises building GCCs, this creates access to larger and often less saturated talent pools. Rather than competing directly with hundreds of multinational employers for the same candidates, enterprises can establish operations in markets where talent availability remains strong and competition is more manageable.

Cost Efficiency Extends Beyond Salaries

Discussions around GCC locations in India often focus on compensation costs. However, the broader cost equation includes facilities, infrastructure, transportation, administration, and future expansion costs.

For PE-backed enterprises operating within defined investment horizons, these efficiencies can significantly improve GCC economics while preserving service quality and operational effectiveness. The objective is not simply cost reduction, but more efficient capital allocation.

Scalability Requires More Than a Good Launch

While many GCC strategies focus on setup, long-term success depends on scalability. As headcount requirements grow, enterprises need access to additional talent, leadership, and infrastructure. Many Tier 2 cities offer greater flexibility for workforce expansion, making them attractive for PE-backed enterprises pursuing aggressive growth plans. Ultimately, a successful GCC is measured not by how quickly it launches, but by how effectively it supports growth over time.

Risk Diversification Is Becoming a Strategic Priority

The concentration of delivery operations within a small number of metropolitan regions creates operational exposure. Enterprises increasingly recognise the value of geographic diversification within their India GCC strategy.

Establishing operations beyond traditional metro hubs can strengthen business continuity, diversify talent access, reduce concentr[illegible] operational resilience.For enterprises managing global operations, diversification strengthens the overall delivery ecosystem while r[illegible] risk.

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This is particularly important for private equity-backed businesses seeking resilient operating models that can withstand changing market conditions.

Location Strategy Must Align with Business Objectives

The decision to move beyond metro India should not be viewed as a cost-cutting exercise.
The most successful GCCs begin with a clear understanding of business objectives and operating requirements.

Key questions include:

- What capabilities will the GCC support?
- What talent profiles are required?
- How quickly must operations scale?
- What governance model will be implemented?
- What level of leadership presence is needed locally?
- What are the long-term growth expectations?

The answers often reveal that multiple location options may be viable – and in many cases, non-metro cities may offer advantages that better align with strategic goals.

A successful GCC location strategy balances talent access, scalability, cost efficiency, governance requirements, and long-term business objectives.

Beyond Location: Building the Right Operating Model

Location selection is only one component of successful GCC expansion. Enterprises must also determine how operations will be established, governed, and scaled. Whether pursuing a BOO, BOT, or partner-led model, execution quality often determines outcomes.

Workforce planning, governance, compliance, infrastructure, and operational integration require coordinated execution. An embedded delivery partner can simplify this complexity through a unified operating framework that aligns people, process, technology, and governance.

The IMS OneWorld Approach to GCC Expansion

At IMS OneWorld, we enable PE-backed enterprises and their portfolio companies design, establish, and scale GCCs aligned to business objectives and value creation goals. Our approach combines location intelligence, talent market insights, operating model design, and execution support to help enterprises make informed decisions on where to build, how to scale, and how to create long-term operational advantage. If your GCC strategy is being shaped by convention rather than business requirements, it may be time to reassess the opportunities that exist beyond metro India.

The Future of PE-Backed GCC Growth Extends Beyond Metro India

India remains one of the world's most attractive destinations for GCC expansion, but the location strategy behind that expansion is evolving. For PE-backed enterprises, the objective is not simply to establish a presence in India; it is to build a scalable operating model that supports long-term value creation. As talent ecosystems mature beyond traditional hubs, Tier 2 cities are emerging as compelling options for enterprises seeking workforce stability, cost efficiency, scalability, and operational resilience. The enterprises that evaluate India through a broader strategic lens will be better positioned to build GCCs that deliver sustainable growth and stronger investment outcomes.

FAQs

1. Why should PE-backed enterprises consider Tier 2 cities for GCC expansion in India?

Tier 2 cities offer access to skilled talent, lower operating costs, greater workforce stability, and stronger scalability, making them attractive locations for PE-backed GCC growth.

2. Which Tier 2 cities are emerging as leading GCC locations in India?

Ahmedabad, Coimbatore, Indore, Jaipur, Kochi, Chandigarh, Bhubaneswar, and Vadodara are among the fastest-growing destinations for GCC expansion due to their talent availability and cost advantages.

3. How do Tier 2 cities improve the economics of a GCC?

Beyond salary savings, Tier 2 cities can reduce real estate, infrastructure, administration, and expansion costs, helping enterprises achieve better long-term GCC economics.

4. Can Tier 2 cities support large-scale GCC growth?

Yes. Many Tier 2 markets offer sufficient talent depth and infrastructure capacity to support workforce expansion, leadership development, and long-term operational growth.

5. What factors should enterprises evaluate when selecting a GCC location in India?

Enterprises should assess talent availability, scalability, operating costs, business continuity requirements, governance needs, and long-term business objectives to determine the most suitable GCC location strategy.

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